

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF DENNIS L.) APPEAL NO. 07-A-2495
AND MARGARET A. ALBERS from the decision of)
the Board of Equalization of Idaho County for tax) FINAL DECISION
year 2007.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 23, 2007 in Grangeville, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Dennis Albers appeared at hearing with two witnesses. Assessor James Zehner and Deputy Assessor Max Pelham represented Respondent Idaho County. This appeal is taken from a decision of the Idaho County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP27N01E237970A.

The issue on appeal is the market value of a large rural residential property.

The decision of the Idaho County Board of Equalization is affirmed.

FINDINGS OF FACT

The subject property's assessed land value is \$404,420, and the improvements' valuation is \$122,000, totaling \$526,420. The land's assessed value averages \$7,783 per acre. Appellants request the land value be reduced to \$210,901, and the improvements' value remain at \$122,000, totaling \$332,901. Appellants' claim averages \$4,059 per acre.

The subject property is a 51.963 acre tract fronting the Salmon River just above Twin Bridges. The property is improved with a log residence built in 2004. The site's river frontage is about one-half mile in length. The parcel is very steep – almost vertical, and rocky along half the frontage. The entire site has about 6.5 level or bench-like acres more suitable for residential development. The subject residence is located near the shoreline on a level area of about 4.5 acres. The private access leading to the residence has up to a 17% grade. The tract borders

both private and government lands and is somewhat irregularly shaped.

Appellants contend the County over-assessed the subject land where it classified too much ground as “suitable for subdivision.” Survey and other evidence indicates only about 6.5 acres are presently level. Appellants contend the siting of their home further limits the suitability for subdividing. The alleged fact that the Assessor considered too much of subject’s ground usable, is understood to be the chief concern of Appellants. Respondent did not know, or did not dispute, that only about 6.5 acres of subject was particularly level.

Taxpayers presented two (2) older sales in support of the land value claim. Neither property was oriented along the river like subject. However, both had much steep terrain similar to some of subject’s topography. One sale was next to subject, high above the river, and sold in January 2002. The roughly 6.8 acres sold for \$3,000, or about \$500 per acre. The second sale involved ground across the river totaling over 2,200 acres. This sale was in March 2004. The price was reportedly \$750,000, or about \$335 per acre. The parties agreed there would be an economy of scale factor represented in prices for different sizes.

The Assessor reported much of the Salmon River country is steep like subject. It was noted different language might have been used to describe the split-valuation of two different parts of the subject land. The subject tract was valued using a two year old Salmon River Land Grid (SRLG). Twenty-five acres were valued from the grid as Neighborhood 2 - average-grade, at \$12,750 per acre. Subject’s remaining acres (steeper riverfront) were valued as Neighborhood 1 - average-grade at \$2,250 per acre.

Where the subject land was improved with a building site, the Assessor also included a value component in the total land value for standard site improvements. The value add-on was \$25,000 for such things as water supply, septic and road improvements.

Neighborhood 1 reflected the lowest values on the 5-scale grid. Sites in each neighborhood were rated as fair, average or good and had different values for each rating that further depended on overall site size. Both subdivision lots and tracts were valued from the SRLG. The grid was developed with the assistance of a state appraiser following a period where assessments often fell below selling prices. Twenty-eight (28) subdivision lot sales were studied in the development of the SRLG. Many lots were smaller. Older sale prices were time-adjusted.

At hearing, Respondent also presented more detailed information from seven (7) additional riverfront sales that were compared to subject. Sale dates were in 2006 or 2007. All seven sales had land sizes smaller than subject. There were reportedly no larger sales available from the last couple years.

Comparable Sale No. 5 was a January 2006 sale of 29.75 acres, fronting the Salmon River, that sold for \$300,000. The level building ground was on a rather high bench above the river. The slope down to the shoreline was very steep. The shoreline was considered to have no potential homesite ground. The site was unimproved at the time of sale and County records revealed no deeded access. After the sale, a single-family residence was constructed. The indicated price per acre for the bare land was \$10,084. The County noted in applying this rate to the subject land without any addition for site improvements, and then adding subject's unchallenged residence value ($523,995 + 122,000 = 645,995$), yielded a sum that far exceeded subject's total 2007 assessed value (\$526,420). The Assessor opined the subject land was at least as desirable as Comparable No. 5's site.

Additionally, the County noted multiple riverfront sales of 1- to 2-acre improved homesites, that had recent prices from \$150,000 to \$190,000. Finally, Respondent argued taxpayers' requested land value was not supported by any of the riverfront property sales.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The parties both hold the issue on appeal is the market value of the subject property, particularly the value contribution of the 51.963 acres. Land is typically valued with reference to recent, proximate and comparable sales. The parties describe subject's land characteristics somewhat differently. They also emphasize different property and appraisal aspects.

A question of market value is primarily a factual issue. Assessment and appraisal are not exact sciences. The germane assessment and appraisal date for the current tax year was January 1, 2007. Idaho Code § 63-205(1). Market value is defined in § 63-201(10), I.C.

On appeal to this Board, Appellants must prove error in the subject assessment by a preponderance of the evidence. Idaho Code § 63-511(4). The Board did not find taxpayers proved their case by a preponderance of the evidence. Appellants focused a lot of evidence on describing the subject land. The topography evidence was of high quality. However, the County never alleged the subject land had more than 6.5 acres of relatively level ground. To the contrary the assessment was based on roughly half the property being "almost vertical" and the other half suitable for development just as Appellants did in constructing their residence.

The relatively small amount of market price evidence supplied by Appellants was all older information. To a significant degree, the sales information did not involve riverfront property. Subject is clearly desirable riverfront property as evidenced by taxpayer's actions in constructing the log home near the water. The County paid particular attention to the riverfront value factor

and the related development potential. We hold this was reasonable and proper and that the County's value case was better supported. Some of Respondent's sale information was also dated or untimely. However the timely evidence was found comparable to subject. This evidence supported the assessed value of subject land.

The County's analysis of its Comparable No. 5 was the most persuasive evidence of subject's current value. Ultimately, subject's riverfront land was best reflected in the valuation offered by the County. As noted by the Assessor, the riverfront sales information did not support the proposed value reduction.

For the reasons expressed above, the Board will affirm the decision of the Idaho County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Idaho County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED APRIL 3, 2008